

MOTION BY SUPERVISOR ZEV YAROSLAVSKY

January 10, 2012

The First 5 LA Commission (First 5 LA), also known as the Proposition 10 Commission, was created by County ordinance in 1998 with the passage of Proposition 10. It called for the investment of tobacco tax revenues in health, safety, and educational programs aimed at improving the lives of children from birth to age five. First 5 LA is the largest Proposition 10 Commission statewide. In December 1999, Los Angeles County amended its ordinance to designate First 5 LA as a separate legal public entity.

Last year, in response to threats to existing and future funding by Sacramento, First 5 LA called for an independent fiscal evaluation of its committed expenditures and operational procedures in order to ensure proper planning and budgeting. In February 2011, First 5 LA in conjunction with the Los Angeles County Auditor-Controller hired Harvey M. Rose Associates, LLC (Harvey M. Rose) to conduct a complete audit of First 5 LA in two phases.

Phase One, a financial audit, was to conclusively identify First 5 LA's reserved and available funds. The first audit revealed, among other things, a lack of adequate accounting policies and procedures for funding allocations, approvals and contract monitoring.

Phase Two, a management audit, evaluated First 5 LA's financial position and costs as well as its programmatic effectiveness in relation to other Proposition 10 agencies statewide. This audit found inconsistent oversight by the First 5 LA Commissioners (Commissioners) which resulted in ineffective and inaccurate budgeting as well as poor contracting processes. Some of

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the more notable findings were that First 5 LA: (1) significantly under-spent its available resources; (2) did not regularly present detailed programmatic budgets to the Commissioners for review; (3) had significant delays in program implementation; (4) had higher administrative, evaluation and programmatic costs per child than other Proposition 10 Commissions; (5) presented inconsistent information as to accuracy, clarity and detail, hindering the Commissioners' ability to make informed fiscal and programmatic decisions; and (6) did not adequately ensure that contracts/grants were obtained through a fair competitive bidding process.

In response to the audit findings, on October 25, 2011 on Motion by Supervisors Antonovich and Ridley-Thomas, this Board directed the CEO, County Counsel and Auditor-Controller to review and report back as to whether an ordinance change terminating First 5 LA's separate public entity status and establishing it as a county agency would help effectuate the needed changes. The report of those agencies, dated December 27, 2011, sets out several recommendations for improving the operations of First 5 LA. Among other things, they recommend that First 5 LA remain a separate legal public entity.

Within this context, it is incumbent upon us to review the composition of the governing body of First 5 LA to determine if change to the membership is warranted. This decision rests solely with the LA County Board of Supervisors and is recommended in both the Harvey M. Rose report and by the Chief Executive Office, County Counsel and Auditor-Controller. Most other county agencies include the Directors of Children and Family Services, Human Services or Social Services as voting Commission members as a way to better integrate child abuse and neglect services into the Proposition 10 program. Given today's budget uncertainties, First 5 LA must ensure better collaboration with County and other agencies to leverage child abuse and neglect funds and services to our County's most vulnerable young children and families.

**I, THEREFORE, MOVE** that the Board strongly urge the First 5 LA Commission to adopt and implement the recommendations identified in both Phase One and Two of the Harvey M.

Rose First 5 LA Procedures Engagement Report.

**I FURTHER MOVE** that the Los Angeles County Board of Supervisors direct the Los Angeles County Counsel to draft an Ordinance amending the Los Angeles County Code, Title 3, Chapter 3.72 – Los Angeles County Children and Families First – Proposition 10 Commission to:

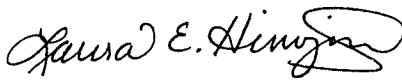
1. Provide First 5 LA with the ability to contract directly with the County for any services needed in the areas of budgeting, contracting, procurement and auditing;
2. Require annual audits of First 5 LA to ensure compliance with approved fiscal controls and program budgets. As such, it is recommended that First 5 LA avail itself of the services of the Los Angeles Auditor-Controller or any other auditor of comparable competence and expertise;
3. Require First 5 LA to send quarterly reports to the Board of Supervisors on issues including First 5 LA contracts, program implementation, accounting and budget, outcome measures and any other issues the Board deems appropriate;
4. Direct the First 5 LA Commission to establish a standing Budget and Finance Committee to review, at a minimum, the recommended quarterly financial updates and the proposed annual Business Plan that includes a detailed analysis of budgeted versus actual spending. Establishment of this Committee will assure greater fiscal oversight and improved financial reporting systems while also providing the Commissioners the ability to conduct a more informed review of fiscal issues facing the agency; and
5. Add the Director of the Department of Children and Family Services as a voting member of the governing Board of the First 5 LA Commission replacing the current Los Angeles County Office of Education appointee who in turn will become an Ex Officio member of the Commission.

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## ANALYSIS

This ordinance amends Title 3 – Advisory Commission and Committees of the Los Angeles County Code, Chapter 3.72, relating to the Los Angeles County Children and Families First – Proposition 10 Commission. The amendments change the composition of the Commission, add and amend the Commission's duties, and permit the Commission to contract with the County for certain types of services.

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By 

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LH:dt

10/27/11 (requested)  
01/13/12 (revised)

**ORDINANCE NO. \_\_\_\_\_**

An ordinance amending Title 3 – Advisory Commission and Committees of the Los Angeles County Code, relating to the Los Angeles County Children and Families First – Proposition 10 Commission.

The Board of Supervisors of the County of Los Angeles ordains as follows:

**SECTION 1.** Section 3.72.040 is hereby amended to read as follows:

**3.72.040 Membership and composition.**

The Commission shall consist of nine members appointed by the Board of Supervisors and shall be composed as follows:

- A. The chair of the Board of Supervisors or a member of the Board of Supervisors as designated by the chair;
- B. The director of the Los Angeles County department of public health, and the director of the Los Angeles County department of mental health, and the director of the Los Angeles County department of children and family services, each of whom may also designate an alternate to serve in his or her absence;
- ~~C. An expert on early childhood education who is nominated by the Los Angeles County superintendent of schools;~~
- DC. Five members, one nominated by each member of the Board of Supervisors, from the following categories: recipients of project services included in the county strategic plan; representatives of local child care resource or referral agencies, or local child care coordinating groups; representatives of local organizations for prevention or early intervention for families at risk; representatives of community-based

organizations that have the goal of promoting nurturing and early childhood development; representatives of local school districts; and representatives of local medical, pediatric, or obstetric associations or societies;

**SECTION 2.** Section 3.72.050 is hereby amended to read as follows:

**3.72.050 Ex officio representatives.**

The Board of Supervisors recognizes that the Commission for Children and Families, the Inter-Agency Council on Child Abuse and Neglect, the Los Angeles County Policy Roundtable for Child Care and the Child Care Advisory Board, and the Los Angeles County Office of Education have expertise, experience and knowledge which is, and will continue to be, invaluable to the Commission in fulfilling its duties and responsibilities. Therefore, the Commission shall request each of the above-mentioned organizations to designate an ex officio representative who will serve in an advisory capacity to the Commission. The ex officio representative from the Los Angeles County Office of Education shall be an expert on early childhood education who is nominated by the Los Angeles County superintendent of schools. While the ex officio representatives will not have voting or other membership rights, they will have the ability to contribute their experience and expertise to the matters considered by the Commission. The Commission shall consider the advice and opinions of these ex officio representatives when preparing the county strategic plan and in fulfilling its other duties and responsibilities.

**SECTION 3.** Section 3.72.080 is hereby amended to read as follows:

**3.72.080 Duties and responsibilities.**

The Commission shall have the following duties and responsibilities:

- A. To implement the goals and objectives of the Act;
- B. To prepare an adequate and complete county strategic plan for the support and improvement of early childhood development within the county. The Commission shall hold at least one public hearing on the plan prior to its adoption. The plan shall be submitted to the Board of Supervisors for its review and comment prior to submission to the State Commission. If the Board makes any modifications to the plan, the plan, including any modifications made by the Board, shall be returned to the Commission for its consideration. The Commission shall adopt the plan, including any modifications presented by the Board which the Commission deems appropriate and shall submit the adopted plan to the State Commission.

1. The county strategic plan shall be consistent with, and in furtherance of the purposes of, the Act and any guidelines adopted by the State Commission pursuant to Health and Safety Code Section 130125(b) that are in effect at the time the plan is adopted.

2. The county strategic plan shall include, at a minimum, all of the elements specified in Health and Safety Code Section 130140(a)(1)(C)(ii). No county strategic plan shall be deemed adequate or complete until and unless the plan describes how programs, services, and projects relating to early childhood development within the county will be integrated into a consumer-oriented and easily accessible system;

C. To review the county strategic plan on at least an annual basis and revise the plan as may be necessary or appropriate. The Commission shall conduct at least one public hearing on its periodic review of the plan before any revisions to the plan are adopted. The revised plan shall be submitted to the Board of Supervisors for its review and comment prior to submission to the State Commission. If the Board makes any modifications to the revised plan, the revised plan, including any modifications made by the Board, shall be returned to the Commission for its consideration. The Commission shall adopt the revised plan, including any modifications presented by the Board which the Commission deems appropriate, and shall submit the revised plan to the State Commission;

D. To measure the outcomes of county funded programs through the use of applicable, reliable indicators and review that information on a periodic basis as part of the public review of the county strategic plan;

E. To submit its adopted county strategic plan, and any subsequent revisions thereto, to the State Commission;

F. To prepare and adopt an annual audit and report pursuant to Health and Safety Code Section 130150 and conduct at least one public hearing prior to adopting any annual audit and report;

1. The Commission shall, on at least an annual basis, adopt an audit, in addition to, or as part of, the annual audit, that incorporates review of any additional areas the Commission deems appropriate, including, but not limited to, procurement, contracting, program monitoring/effectiveness, and budgetary compliance.



2. The Commission may obtain, subject to reimbursement from the Trust Fund, accounting services through the Los Angeles County auditor-controller. If the Commission elects to use another auditor, such auditor shall be of comparable competence and expertise to the Los Angeles County auditor-controller;

G. To conduct at least one public hearing on each annual report by the State Commission prepared pursuant to Health and Safety Code Section 130150(b)-;

H. To provide quarterly reports to the Board of Supervisors on issues including: contracts; program implementation; accounting and budgeting; outcome measures; and, any other issues the Board of Supervisors deems appropriate;

I. To establish a standing budget and finance committee to review, at a minimum, recommended quarterly financial updates and a proposed annual business plan that includes a detailed analysis of budgeted versus actual spending;

HJ. To comply with all applicable requirements of Health and Safety Code Section 130140, or any successor statute, as such statutes may be amended from time to time-;

**SECTION 4.** Section 3.72.120 is hereby added to read as follows:

**3.72.120 Other services.**

The Commission may obtain, via contract with Los Angeles County and subject to reimbursement from the Trust Fund, services needed in the areas of budgeting, contracting, procurement, auditing, or any other services the Commission deems appropriate.

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